fairfaxmeadow

Fairfax Meadow Europe Limited

Annual Report and financial statements

Registered number: 04770072

52 weeks to the period ended 2 January 2023

Contents

Company Information

Directors

Z Davidson

P Heffer (Resigned 20 July 2023)

M Lee (Appointed 7 November 2022)

N Majewski (Resigned 21 July 2022)

S Murrells (Appointed 20 July 2023)

M Osbourne (Appointed 21 July 2022)

K Taylor

P J Tomlinson

J Wade (Resigned 2 June 2023)

Company Secretary

N M George

Registered number

04770072

Registered office

2-8 The Interchange

Latham Road

Huntingdon

England

PE29 6YE

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Merchant Square

20-22 Wellington Place

Belfast

BT1 6GE

Bankers

Ulster Bank Limited

Donegall Square East

Belfast

BT1 5UB

Lloyds Banking Group plc

25 Gresham Street

London

EC2V 7HN

Strategic Report

The Directors present their Strategic Report for the 52 weeks ended 2 January 2023.

Principal activities

The Company's principal activity is the supply of meat and poultry to the food service industry.

Business review

The health and safety of employees and their general well-being was again a priority for the management team throughout 2022. The Company continues to be proud and appreciative of the achievements of all employees and their immense contribution throughout another challenging year.

The Company's turnover increased by 83.9% to £158.0 million (2021: £85.9 million) due to a full year of trading in 2022 whereas 2021 included a nationwide lock down closing the hospitality sector from January to May 2021. Gross margin also increased to 9.8% (2021: 7.3%) as a direct result of the increase in custom and the ability to absorb overheads over a full trading year. The Company's net asset position increased to £4.7 million (2021: £1.0 million).

The cost of living crisis and the Ukraine war created challenging economic conditions to which the company continues to adapt to.

Performance management

Annual budgets, rolling forecasts and longer-term financial plans are developed by the Directors to target and deliver improved business performance. The Directors review the performance of the business through comprehensive monthly reviews, comparing actual results against both budget expectations and prior year achievements. The impact of COVID-19 restrictions continues to challenge the significance of prior year comparison, so the Directors have maintained the focus on rolling forecasts over shorter time periods particularly with regards to cost control and working capital management. Results are challenged to ensure performance is maximised. Particular emphasis is placed on monitoring turnover, operating costs, cash flows and working capital levels. In addition, key performance indicators monitored by the Directors are as follows:

Measure	2022	2021	Performance
Revenue growth: measure shows the underlying trend and performance of the business	83.9%	23.6%	The impact of inflation and the benefit of a full years trading, with a fully operating customer base contributed to revenue growth in 2022.
Gross margin: measures gross profit as a percentage of revenue	9.8%	7.3%	Margins were improved due to the more efficient recovery of fixed operational costs after the previous years' lockdown periods.
Staff retention: ratio shows the proportion of staff which have been employed for more than one year	73%	80%	Maintained a relatively high retention rate in the increasingly challenging and volatile employment market whilst recruiting new colleagues to serve the increased volume.

Strategic Report (continued)

Future outlook

The company looks to build upon 2022 as the first full year of trading post Covid by collaborating with customers and suppliers alike with the aim of returning sectors to pre Covid levels subject to permanent lifestyle changes such as levels of commuting and working from home. Managing inflation, initially triggered by the war in Ukraine, will continue to impact on market prices and present ongoing challenges for the sector. However, the company with its established customer and supplier relationships, extensive supply chains and support from the wider Hilton Food Group is well placed to mitigate the adverse impact of inflation.

The support and resources offered by the parent company Hilton Foods Limited will allow continued investment to be made to improve productivity, working conditions for its employees and ability to increase capacity to cope with the increasing demand for product.

Managing risk

There are several potential risks and uncertainties, which could have a material impact on the Company's long-term performance and cause actual results to differ materially from expected and historical results. The risk management process seeks to enable the early identification, evaluation and effective management of the key risks facing the business at an operational level and to operate internal controls that adequately mitigate these risks.

Risk area Operational risk:	Nature of risk and possible repercussions	Mitigation
Workplace health and safety	Many of our operations by their nature have the potential for injuries and accidents to employees, contractors and visitors.	Safety is the number one priority for the Company with active endorsement and accountability from the Managing Director. Our Health and Safety Policy and practices are firmly embedded in the Company, supporting a strong ethos of workplace safety. The Group's Health & Safety Officer conducts audits to verify implementation and to support continuous improvement. Best practice safety and occupational health training is provided across the business.
State of the economy	The deterioration of the economies in which the Company operates may adversely impact sales or sales mix and, ultimately, lower profitability and *cash flow. The economic impact of the war in* Ukraine following on from COVID-19 is significant.	Although the Company cannot directly influence the general economic conditions or consumer spending, it works to understand the market in order to provide *products of a quality and at prices that are suitable for* its customers. The operations of the Company are designed to be flexible enough to move with the market trends to ensure that changes in demand caused by the economy can be overcome.

Strategic Report (continued)

Managing risk (continued)

Risk area	Nature of risk and possible repercussions	Mitigation
Competitive environment and customer risk	There is strong competition within the market in which the Company operates. The loss of all or part of the Company's business with one or more of its major customers would adversely impact the Company's results.	The Company manages the risk of operating in a competitive sector by maintaining strong customer relationships. Delivering high levels of service and quality supports this process. The monitoring of key performance indicators at a customer level such as service levels and customer complaints enables the business to ensure it offers strong customer service, quality products, low costs and innovative product development.
Product safety and quality	A breach of food safety legislation may lead to reputational damage and regulatory penalties, including restrictions on operations, damages or fines.	All sites operate food safety systems that are regularly reviewed to ensure they remain effective, including continuing compliance with all regulatory requirements for food hygiene and safety. All food products are made to the highest standards, regardless of where they are manufactured, and food safety is always prioritised over economic considerations.
Price and supply of raw materials.	The price and supply of raw materials is largely influenced by the environment in which the product originates. Changes in price would impact the core profitability of the Company's business and any related shortage in supply will impact the business' ability to maintain its service levels to customers.	The Company keeps tight control of overhead costs to help mitigate the need to pass on increased raw material costs to its customers. The Company maintains a high level of expertise in its buying teams, enabling it to monitor raw material sources on a global basis and to negotiate forward purchase contracts where appropriate with key suppliers. The teams also cultivate strong relationships with major suppliers to ensure continuity of supply at competitive prices.
Human Resource:		
People	The Company is dependent on continuing to attract, retain, develop and motivate the best people with the right capabilities at all levels in the organisation.	The Company mitigates the risk associated with loss of key personnel through succession planning, strong recruitment processes, effective incentives and retention initiatives, and ongoing training and development. The Company is assisting impacted employees in the application for pre-settled and settled status.

Strategic Report (continued)

Managing risk (continued)

Employees

Equal opportunities – the Company is committed to offering equal opportunities to all individuals within its business through recruitment, training and career development. Full and fair consideration is given to applicants with disabilities and every effort is made to give employees who become disabled while employed by the Company an opportunity for retraining.

Harassment – a zero tolerance policy exists towards all forms of harassment in the workplace. We encourage our people to report incidents of harassment to the appropriate human resources manager.

Communication – the Company places considerable value on the involvement of its staff and has continued its policy of communication, consultation and involvement. Information is provided to staff on matters which concern them, and staff are consulted to obtain their views on matters which affect their interests.

Financial risk:		
Interest rates and currency	Funds to finance working capital and capital investment are arranged by the parent Hilton Foods Limited. Such borrowings have variable interest set by Group based upon the SONIA realised rate and margin and are therefore exposed to fluctuation. The Company is exposed to foreign currency risk on purchases for imported materials.	The company's interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the company to cash flow interest rate risk. The company manages exposure to interest rate risk through interest rate caps wherever possible over its long-term borrowings where applicable.
Credit	Practically all sales are made on credit terms. The Company is exposed to counter party credit risk when dealing with customers and from certain financing activities. Granting of credit to inappropriate parties or failure to collect debts on a timely basis could leave the Company exposed to losses.	The Company maintains strong relationships with each of its key customers and has established credit control parameters. Credit evaluations are performed on all customers requiring significant credit and outstanding debts are continuously monitored. Aggregate exposures are monitored at board level and, where appropriate, limits are set for higher risk counterparties. In addition, the Company maintains credit insurance where necessary.
Liquidity	The Company needs access to funding for current business and future growth.	The company monitors bank positions daily to ensure the company has sufficient available funds for operations and planned expansions. Further funds are available from Hilton Foods Limited.

Strategic Report (continued)

Statement by the directors in performance of their statutory duties in accordance with s172 Companies Act 2006

The Board is required to act in accordance with a general set of duties detailed in Section 172 of the UK Companies Act 2006. In the decisions taken during the 52 weeks ended 2 January 2023, the Directors have acted in the way they consider, in good faith, would be most likely to promote the success of the Company and its continuing reputation for high standards of business conduct, for the benefit of its people.

The Board hold monthly meetings with the rest of the executive committee. At these meetings the benefits and long-term consequences of new investments, capital expenditure over £10,000 requiring detailed capital justifications for sign off, disposals of assets and financing decisions are discussed and, where appropriate, approved. Our employees are fundamental to the delivery of our plan, and we aim to be a responsible employer. The health, safety and wellbeing of our workforce is one of our primary considerations in the way we do business and regular external health and safety audits are completed.

Our intention is to behave responsibly and ensure that management operate the business in a responsible manner. Maintaining the Company's reputation for high standards of business conduct and relationships with customers is of vital importance. The safety and integrity of our products are managed throughout the supply chain and product safety is put before economic considerations. At customer level, the monitoring of key performance indicators, such as service levels and customer complaints, enables the business to ensure it offers excellent customer service and quality product. As the Board of Directors, our intention is to behave responsibly towards our stakeholders and treat them fairly and equally, so they benefit from the successful delivery of our plan.

The Board recognises the key role suppliers play and maintains regular dialogue with them, to ensure that the company delivers a good quality product to its customers through the timely supply of quality materials and provision of essential managed services to the business.

Fairfax Meadow Europe Limited is passionate about its work, the community and the local environment in which it operates. When making decisions the board gives consider as to how those decision will impact on these areas for example, through providing employment for local people, supporting their training and ensuring that the company's activities look after the local environment.

Annually the Board considers and approves the Company's Modern Slavery and Human Trafficking Statement which explains the activities we have undertaken during the year to demonstrate our commitment to seeking to ensure there is no slavery, enforced labour or human trafficking within any part of our business or in our supply chains. This can be found at our website www.fairfaxmeadow.co.uk.

On behalf of the board

P J Tomlinson
Director
2 October 2023

2-8 The Interchange
Latham Road
Huntingdon
Cambridgeshire
United Kingdom
PE29 6YE

Directors' Report

The Directors present their Annual Report and the audited financial statements for the 52 weeks ended 2 January 2023.

Directors

The Directors who served throughout the year and up to the date of signing the financial statements, unless otherwise stated, were as follows:

Z Davidson
P Heffer (Resigned 20 July 2023)
M Lee (Appointed 7 November 2022)
N Majewski (Resigned 21 July 2022)
S Murrells (Appointed 20 July 2023)
M Osbourne (Appointed 21 July 2022)
K Taylor
P J Tomlinson
J Wade (Resigned 2 June 2023)

Results and dividends

Detailed results for the year are set out in the Income Statement on page 12. The profit for the financial year amounted to £3.7 million (2021: loss of £1.4 million). No dividends were declared during the year (2020: £nil).

Directors' indemnities

As permitted by law and the Articles of Association, the Company has in place appropriate directors' and officers' liability insurance cover. The indemnity was in force throughout the last financial period and is currently in force.

Future outlook and financial risk management

This is detailed in the Strategic Report.

Streamlined energy and carbon reporting

The company has availed of the exemption from reporting the section 172 Streamlined Energy and Carbon Reporting requirements on the basis that it is a qualifying entity, and this information is included in the consolidated financial statements of its ultimate parent company, Hilton Food Group Plc.

Going concern

The Company's business review is set out in the Strategic report. The Company has positive financial resources and has generated a profit in the current year and is expected to be profitable in the coming year. As a consequence, the directors believe that the Company is well placed to manage it business risks successfully.

In assessing the going concern ability of the Company, the directors have prepared a cash flow forecast which extends for a period of not less than 12 months from the date that these financial statements are approved. In preparing these forecasts, management has given due consideration to the potential impacts of on-going inflationary market conditions on the Company and wider sector and included severe but plausible downside scenarios to stress test the cash flow forecasts.

As a result, the directors are confident that the Company has adequate resources to continue in operational existence for a period of not less than 12 months from the date of signing these financial statements and accordingly, the directors continue to adopt the going concern basis in preparing the Annual report and financial statements.

Directors' Report (continued)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently.
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the board

P J Tomlinson
Director
2 October 2023

Independent auditors' report to the members of Fairfax Meadow Europe Limited

Report on the audit of the financial statements

Opinion

In our opinion, Fairfax Meadow Europe Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 2 January 2023 and of its profit for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 2 January 2023; the income statement and the statement of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent auditors' report to the members of Fairfax Meadow Europe Limited (continued)

Reporting on other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the period ended 2 January 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Independent auditors' report to the members of Fairfax Meadow Europe Limited (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate the financial results and management bias in accounting estimates or significant judgement. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of legal expenses to understand the nature of expenses incurred;
- Identifying and testing unusual journal entries, in particular journal entries with unusual account combination, such as those impacting revenue; and
- Evaluating and, where appropriate, challenging judgements and estimates made by management in determining amounts to be recognised in the financial statements.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

David Strachan

David Strachan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Belfast
17 October 2023

Income Statement
for the 52 weeks to the period ended 2 January 2023

	Note	2022 £'000	2021 £'000
Turnover	2	158,008	85,932
Cost of sales		(142,504)	(79,616)
Gross profit		**15,504**	**6,316**
Distribution costs		(5,174)	(3,408)
Administrative expenses:			
Before exceptional items		(5,493)	(5,284)
Exceptional items	3	-	(538)
Total administrative expenses		**(5,493)**	**(5,822)**
Other operating income	4	-	1,281
Operating profit/(loss)	5	4,837	(1,633)
Interest receivable		7	-
Interest payable and similar expenses	8	(415)	(165)
Profit/(loss) before taxation		4,429	(1,798)
Tax on profit/loss	9	(756)	445
Profit/(loss) for the financial year		3,673	(1,353)

The notes on pages 15 to 27 form part of these financial statements.

Statement of Financial Position

as at 2 January 2023

	Note	2022 £'000	2021 £'000
Fixed assets			
Property, plant, and equipment	10	2,842	3,198
		2,842	3,198
Current assets			
Inventories	11	9,569	8,860
Debtors	12	16,420	11,325
Cash at bank and in hand		4,415	5,249
		30,404	25,434
Creditors: amounts falling due within one year	13	(17,987)	(16,046)
Net current assets		12,417	9,388
Total assets less current liabilities		15,259	12,586
Creditors: amounts falling due after more than one year	14	(10,050)	(11,050)
Provisions for liabilities	17	(522)	(522)
Net assets		4,687	1,014
Capital and reserves			
Called up share capital	20	7,000	7,000
Accumulated losses		(2,313)	(5,986)
Total shareholders' funds		4,687	1,014

The notes on pages 15 to 27 form part of these financial statements.

The financial statements on pages 12 to 27 were approved by the board of directors on 2 October 2023 and were signed on its behalf by:

K Taylor
Director

Statement of Changes in Equity

for the 52 weeks to the period ended 2 January 2023

	Called up share capital £'000	Accumulated losses £'000	Total shareholders' funds £'000
Balance at 2 January 2021	7,000	(4,633)	2,367
Loss for the financial period	-	(1,353)	(1,353)
Balance at 3 January 2022	7,000	(5,986)	1,014
Profit for the financial period	-	3,673	3,673
Balance at 2 January 2023	7,000	(2,313)	4,687

The notes on pages 15 to 27 form part of these financial statements.

Notes to the Financial Statements

for the 52 weeks to the period ended 2 January 2023

1. Accounting policies

General information

Fairfax Meadow Europe Limited's ("the Company") principal activity is the supply of meat and poultry to the food service industry.

The Company is a private company limited by its shares and is incorporated in the UK and registered in England. The address of its registered office is 2-8 The Interchange, Latham Road, Huntingdon, Cambridgeshire, UK, PE29 6YE.

Statement of compliance

The financial statements of Fairfax Meadow Europe Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Basis of preparation

The financial statements are presented in Sterling and rounded to the nearest thousand, unless otherwise stated. They are prepared, on a going concern basis (see below), under the historical cost convention and in accordance with FRS 102 and the Companies Act 2006.

Going concern

The Company's business review is set out in the Strategic report. The Company has positive financial resources and has generated a profit in the current year and is expected to be profitable in the coming year. As a consequence, the directors believe that the Company is well placed to manage it business risks successfully.

In assessing the going concern ability of the Company, the directors have prepared a cash flow forecast which extends for a period of not less than 12 months from the date that these financial statements are approved. In preparing these forecasts, management has given due consideration to the potential impacts of on-going inflationary market conditions on the Company and wider sector and included severe but plausible downside scenarios to stress test the cash flow forecasts.

As a result, the directors are confident that the Company has adequate resources to continue in operational existence for a period of not less than 12 months from the date of signing these financial statements and accordingly, the directors continue to adopt the going concern basis in preparing the Annual report and financial statements.

Notes to the Financial Statements (continued)

for the 52 weeks ended 2 January 2023

1. Accounting policies (continued)

Summary of significant accounting policies

Accounting policies are disclosed within each of the applicable notes to the financial statements and are designated by this box. They have been applied consistently in dealing with items which are considered material in relation to the financial statements throughout the year and preceding year.

The Company is a wholly owned subsidiary of Hilton Food Group plc and is included in its consolidated financial statements, which are publicly available. FRS 102 allows a qualifying entity certain disclosure exemption, subject to certain conditions which have been complied with. The Company has taken advantage of the following exemptions in its financial statements:

- from preparing a statement of cash flows, on the basis that the Company's results are included in the Hilton Foods Limited group's consolidated statement of cash flows; FRS 102 p1.12(b) and
- from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures, FRS 102 p1.12(c) and
- from the key management personnel disclosure, on the basis that key management personnel are directors are the same; FRS102 33.7A
- from the requirement of IAS24, Related Party Disclosures, to disclose related party transactions entered into between two or more members of a group.

Cash & cash Equivalent

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

Foreign currencies

The financial statements are presented in Sterling. Transactions in foreign currencies are translated into Sterling at the rate ruling at the date of the transaction or at forward contract rates where appropriate. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rate of exchange ruling at the Statement of Financial Position date or forward contract rates where appropriate. Gains and losses arising from foreign currency transactions are included in the Income Statement.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There are no critical judgement and estimates made in applying the companies accounting policy.

Notes to the Financial Statements (continued)

for the 52 weeks to the period ended 2 January 2023

2. Turnover

Turnover is recognised when the significant risks and rewards of ownership of the goods has passed to the buyer, it is probable that the economic benefit will flow to the Company and the amount of revenue can be measured reliably. Turnover represents the value of goods and services supplied, net of value added tax and trade discounts and rebates.

The Company's turnover is generated through its principal activity of the supply of meat and poultry to the food service industry in the United Kingdom.

3. Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

	2022 £'000	2021 £'000
Recognised in arriving at loss before interest and tax:		
Exceptional items	-	538
Total exceptional items	-	538

Exceptional costs in 2021 related to site closure costs because of COVID-19, along with a write-off of assets under construction, and costs associated with the sale of the business.

4. Other operating income

	2022 £'000	2021 £'000
Government grants (furlough income)	-	1,281
	-	1,281

5. Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting):

	2022 £'000	2021 £'000
Auditors' remuneration - audit services	55	50
Charge to/ (reversal of) impairment of inventory (note 11)	(119)	(299)
Charge to/ (reversal of) impairment of debtors (note 12)	6	(33)
Depreciation of plant and machinery (note 10)		
- owned	901	926
- assets held under finance leases and hire purchase contracts	-	11
Operating lease rentals		
- plant and machinery	747	801
- land and buildings	1,137	901
Loss on disposal of fixed assets	-	1

Notes to the Financial Statements (continued)

for the 52 weeks to the period ended 2 January 2023

6. Directors' remuneration

	2022 £'000	2021 £'000
Emoluments	970	1,131
Company contributions to pension schemes	58	47
	1,028	1,178

The number of directors who:	2022 Number	2021 Number
Are members of a money purchase pension scheme	4	4

Remuneration of the highest paid director:

	2022 £'000	2021 £'000
Emoluments	383	518
Money purchase pension scheme		
Accrued pension at end of year	21	10

7. Employment

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the year in which the service is received.

Further details on pension arrangements are detailed in note 19.

The average monthly number of persons (including executive directors) employed by the Company during the year was:

	2022 Number	2021 Number
Administration	44	41
Selling and distribution	75	66
Production and manufacturing	241	202
	360	309

Their aggregate remuneration comprised:

	2022 £'000	2021 £'000
Wages and salaries	12,351	9,787
Social security costs	1,196	888
Other pension costs (note 19)	281	488
	13,828	12,798

Notes to the Financial Statements (continued)

for the 52 weeks to the period ended 2 January 2023

8. Interest payable and similar expenses

	2022 £'000	2021 £'000
Interest payable on overdrafts and bank loans	1	116
Intercompany loan interest	414	48
Finance lease interest	-	1
	415	**165**

9. Tax on profit/(loss)

Current tax, including UK Corporation Tax, is included at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date. Deferred tax is provided in respect of the tax effect of all timing differences that have originated but not reversed at the Statement of Financial Position date where transactions or events have occurred at the Statement of Financial Position date that result in an obligation to pay more tax or a right to pay less tax in the future. Deferred tax assets are recognised only to the extent that they are considered recoverable in the future. Deferred tax is measured at the tax rates that are expected to apply in the years in which the timing differences are expected to reverse. Deferred tax assets and liabilities have been recognised in these financial statements using the future Corporation Tax rates.

The tax charge/(credit) represents:

	2022 £'000	2021 £'000
Current tax		
UK Corporation Tax on profit / (loss) for the period	-	(240)
Adjustments in respect of prior years	240	(404)
Total current tax	**240**	**(644)**
Deferred tax:		
Origination and reversal of timing differences (note 18)	516	199
Total deferred tax	**516**	**199**
Total tax charge/credit in profit and loss	**756**	**(445)**

Notes to the Financial Statements (continued)

for the 52 weeks to the period ended 2 January 2023

9. Tax on profit/(loss) (continued)

Reconciliation of effective tax rate

The tax assessed for the period is higher than (2021: lower than) the standard rate of Corporation Tax in the UK of 19.00% (2021: 19.00%). The differences are explained below:

	2022 £'000	2021 £'000
Profit/(loss) before tax	4,429	(1,798)
Profit/(loss) before tax multiplied by the standard rate of Corporation Tax in the UK at 19.00% (2021: 19.00%)	842	(342)
Effects of:		
Expenses not deductible for tax purposes	2	10
Accelerated capital allowances and other timing differences	(11)	115
Re-measurement of deferred tax – change in UK tax rate	124	176
Utilisation of tax losses	(440)	-
Adjustments in respect of prior year's current tax	240	(404)
Tax charge/(credit) for the period	**756**	**(445)**

Factors that may affect future tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Notes to the Financial Statements (continued)

for the 52 weeks to the period ended 2 January 2023

10. Property, plant, and equipment

Property, plant and equipment is carried at cost less accumulated impairment and accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. The charge for depreciation is calculated to write down the cost or valuation less estimated residual value of all property, plant and equipment by equal annual instalments over their expected useful lives as follows:

Short-term leasehold improvements	-	over the shorter of 75 years and the remaining lease period
Plant and machinery	-	*over 4 to 7 years*

	Short-term leasehold improvements £'000	Plant and machinery £'000	Total £'000
Cost			
At 4 January 2022	2,489	18,012	20,501
Additions	12	533	545
Disposals	-	(78)	(78)
At 2 January 2023	**2,501**	**18,467**	**20,968**
Accumulated depreciation			
At 4 January 2022	1,187	16,116	17,303
Charge for the year	114	787	901
Depreciation on disposals	-	(78)	(78)
At 2 January 2023	**1,301**	**16,825**	**18,126**
Net book value			
At 2 January 2023	**1,200**	**1,642**	**2,842**
At 4 January 2022	1,302	1,896	3,198

Included in the total net book value of plant and machinery is £nil (2021: £43,000) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these leases was £nil (2021: £11,000).

Notes to the Financial Statements (continued)

for the 52 weeks to the period ended 2 January 2023

11. Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to sell. Cost includes an appropriate proportion of overheads incurred in the normal course of business in bringing the product to its present location and condition. Provision is made for obsolete, slow-moving or defective items where appropriate.

At the end of each reporting year inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the Income Statement. When a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the Income Statement.

	2022 £'000	Restated* 2021 £'000
Raw Materials and other consumables	6,749	5,857
Finished Goods	2,820	3,003
	9,569	8,860

There is no significant difference between the replacement cost of the inventory and the carrying amount.

Inventories are stated after provisions for impairment of £434,000 (2021: £553,000). 2021 figures have been restated to incorporate reclassification.

The prior year balance has been restated to disclose inventory by the relevant class of inventory.

Notes to the Financial Statements (continued)

for the 52 weeks to the period ended 2 January 2023

12. Debtors

Trade and other receivables are initially recognised at transaction price. If the arrangement constitutes a financing transaction, the transaction is measured at the present value of the future receipts discounted at the market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest rate method.

At the end of the reporting year trade and other receivables are assessed for objective evidence of impairment. If the asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit or loss.

	2022 £'000	2021 £'000
Due within one year:		
Trade debtors	14,951	9,524
Amounts owed by group undertakings	91	-
Other debtors	582	450
Deferred tax asset (note 18)	217	734
Corporation tax recoverable	-	240
Prepayments and accrued income	579	377
	16,420	11,325

Trade debtors are stated after provisions for impairment of £29,000 (2021: £23,000).

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

13. Creditors: amounts falling due within one year

Trade and other creditors that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially measured at the present value of future payments discounted at a market rate of interest for a similar instrument and subsequently measured at amortised cost.

	2022 £'000	2021 £'000
Trade creditors	11,615	12,505
Amounts owed to group undertakings	1,043	730
Obligations under finance leases and hire purchase contracts (note 15 and 16)	-	19
Taxation and social security	352	308
Corporation Tax payable	-	-
Customer rebates	3,930	2,299
Other creditors	887	105
Accruals and deferred income	160	80
	17,987	16,046

Amounts owed to group undertakings are interest free and repayable on demand.

Notes to the Financial Statements (continued)
for the 52 weeks to the period ended 2 January 2023

14. Creditors: amounts falling due after more than one year

	2022 £'000	2021 £'000
Intercompany loans (note 15)	10,050	11,050
	10,050	11,050

15. Borrowings

Borrowings are initially stated at the fair value of the consideration received. Finance costs are charged to the Income Statement over the term of the borrowings so as to represent a constant proportion of the balance of capital repayments outstanding. Accrued finance costs attributable to borrowings where the maturity at the date of issue is less than twelve months are included in accrued charges within current liabilities. For all other borrowings, accrued finance charges and issue costs are added to the carrying value of those borrowings.

	2022 £'000	2021 £'000
In the first year or on demand:		
Finance leases and hire purchase contracts	-	19
In more than one year but not more than five years:		
Intercompany Loans	10,050	11,050
	10,050	11,069

The Company has an intercompany loan from Hilton Foods Limited of £10,050,000 (2021: £11,050,000). The loan is unsecured, repayable by 10 November 2026 and subject to a variable rate of interest based on the SONIA realised rate plus a Group margin.

16. Financial commitments

Property, plant and equipment acquired under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the assets have passed to the Company, are capitalised in the Statement of Financial Position and depreciated over the shorter of their useful lives and the lease terms. The present value of future rentals is shown as a liability. The interest element of the rental obligations is charged to the Income Statement over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. All other leases are regarded as operating leases and the payments made under them are charged to the Income Statement on a straight-line basis over the lease term. Incentives received to enter into an operating lease are credited to the Income Statement, to reduce the lease expense, on a straight-line basis over the period of the lease.

Notes to the Financial Statements (continued)

for the 52 weeks to the period ended 2 January 2023

16. Financial commitments (continued)

a) Operating lease commitments

The below table shows the total operating lease commitments. Please see note 5 for the amount charged to the Income Statement during the year.

	Land and buildings 2022 £'000	Other 2022 £'000	Restated* Land and buildings 2021 £'000	Other 2021 £'000
Within one year	747	627	801	358
Between one and five years	1,921	429	2,495	641
After five years	3,614	-	3,732	-
	6,282	1,056	7,028	999

In the prior year, the operating lease commitment for land and buildings was incorrectly disclosed. The prior year disclosure has been restated to correctly split the total commitment across the relevant aging profile. The total commitment remains unchanged.

b) Finance lease commitments

Finance leases are payable as follows:

	Plant and machinery 2022 £'000	Plant and machinery 2021 £'000
Within one year	-	23
Between one and five years	-	19
	-	42
Less future finance charge	-	2
	-	40

17. Provisions for liabilities

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount of the obligation can be estimated reliably. In particular:

Provision is not made for future operating losses

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

	2022 £'000	2021 £'000
Property	522	522
Provisions for liabilities	**522**	**522**

The property costs provision has mainly been recognised for dilapidations on rental properties.

Notes to the Financial Statements (continued)

for the 52 weeks to the period ended 2 January 2023

18. Deferred tax

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

The analysis of deferred tax balances for the Company is as follows:

Deferred tax asset

	2022 £'000	2021 £'000
Decelerated capital allowances	123	205
Tax losses	94	529
Deferred tax asset	**217**	**734**

	2022 £'000	2021 £'000
Deferred tax asset at 3 January 2022	734	933
Deferred tax charge in Income Statement (note 9)	(517)	(199)
Deferred tax asset at 2 January 2023	**217**	**734**

Deferred tax assets have been recognised in these financial statements using future UK Corporation Tax rates enacted at the year-end – 25% (2021: 25%).

Notes to the Financial Statements (continued)

for the 52 weeks to the period ended 2 January 2023

19. Pension scheme

The Company participated in a defined contribution and defined benefit pension schemes during 2022. Defined contribution costs charged to the Income Statement represents contributions payable in respect of the accounting year

The Company participates in defined contribution pension schemes and participated in defined benefit schemes affiliated to Argent Foods Limited up to the point of sale on 28 October 2021. The total pension charge for the year amounted to £281,000 (2021: £488,000). The amounts paid by Fairfax Meadow Europe Limited in respect of the Group's defined benefit scheme was £nil (2021: £186,000) and in respect of the Group's defined contribution scheme was £281,000 (2021: £302,000). Outstanding contributions at the year-end were £19,000 (2021: £23,000).

20. Called up share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

	2022 £'000	2021 £'000
Allotted and fully paid		
7,000,000 Ordinary Shares (2021: 7,000,000) of £1 each	7,000	7,000
	7,000	7,000

21. Ultimate and immediate parent undertaking

The Company's immediate parent undertaking is Hilton Foods Limited, a company incorporated in Northern Ireland.

The Company's ultimate parent undertaking and the parent undertaking of the only group of undertakings for which group financial statements are prepared is Hilton Food Group plc, a company incorporated in England and Wales. The directors consider that Hilton Food Group plc has no one ultimate controlling party. The annual report and financial statements of Hilton Food Group plc can be obtained from 2-8 The Interchange, Latham Road, Huntingdon, Cambridgeshire, PE29 6YE and from its website www.hiltonfoodgroupplc.com .